



CARDD
MEPA ROUTING MEMO

To: Mark Bostrom
Through: Autumn Coleman
From: Demi Blythe

Re: Montana Producers, LLC Environmental Assessment Final MEPA Decision

Project Sponsor: Montana Producers, LLC

Name of Project: Irrigation Pivot Installation

Agreement No: ??

Memo:

DNRC can issue a Final Finding of No Significant Impact Environmental Assessment for Montana Producers, LLC Irrigation Pivot Installation (attached). We scoped the project for 14 days on the DNRC Public Notice Webpage. No public comments were submitted.

SIGNATURE REQUIRED

____/s/DEB____ MEPA/NEPA Coordinator Review

____^{DS}____ Bureau Chief Review

________ Division Administrator Signature

____ Post for _30_ Days on DNRC's Environmental Docs page.

____ File

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

GREG GIANFORTE, GOVERNOR

1539 ELEVENTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE: (406) 444-2074
FAX: (406) 444-2684PO BOX 201601
HELENA, MONTANA 59620-1601

DRAFT

ENVIRONMENTAL ASSESSMENT

Project Name:	Irrigation Pivot Installation
Proposed Implementation Date	September 2021
Proponent:	Montana Producers, LLC
Location:	46.509312, -105.717145
County:	Custer County

I. TYPE AND PURPOSE OF ACTION

Montana Producers, LLC are seeking a Private Loan through the DNRC CARD Division to fund the installation of an irrigation pivot for hay production and livestock grazing near Miles City, Montana (i.e., 46.509312, -105.717145, see 'Maps and Figures' attached below). The proposed project would convert flood irrigation to pivot irrigation. The conversion to pivot irrigation would likely increase crop production and profit, and water use efficiency. Past crop production from flood irrigation has been limited by insufficient coverage and labor. The project may also result in reduced labor and easier management given the sprinkler can be operated by telephone. The expected implementation date for the new irrigation pivot is September 2021 as funding and supplies allow.

DNRC will approve the loan to provide funding for the Montana Producers, LLC Irrigation Pivot Installation Project.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project. List number of individuals contacted, number of responses received, and newspapers in which notices were placed and for how long. Briefly summarize issues received from the public.

DNRC – CARDD Program Specialists will post this EA for scoping at a minimum of two weeks and attach all comments submitted by the public. The proponent did not submit letters of support or provide public comment. The proposed action is occurring on their private lands and it is unknown to what extent their irrigation pivot project may impact surrounding lands.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

Examples: cost-share agreement with U.S. Forest Service, 124 Permit, 3A Authorization, Air Quality Major Open Burning Permit.

The proposed project will use the existing Tongue and Yellowstone Irrigation District (TYID) water right claim and will occur the TYID. In addition, the area to be irrigated (POU) by the proposed system does not extend beyond the irrigated area designated in the water right, or outside the area historically irrigated with the water right involved. The project does not require a modification of the point of diversion, purpose, or place of storage.

The proposed project is entirely on private land and thus, no additional easements are required.

3. ALTERNATIVE DEVELOPMENT:

Describe alternatives considered and, if applicable, provide brief description of how the alternatives were developed. List alternatives that were considered but eliminated from further analysis and why. Include the No Action alternative.

The expected benefits from the proposed project are more efficient use of water, greater crop production, and reduced labor and easier management.

1. No Action Alternative – The irrigation pivot will not be installed, and infrastructure will remain in current conditions as flood irrigation.
2. Alternative One - *Proposed Alternative* – The project proposes to install an irrigation pivot for hay production and livestock grazing.
3. Alternative Two – Gated Pipe – The project would use a ‘gated pipe’ system for irrigation instead of flood irrigation.
4. Alternative Three – Alfalfa Valves – The project would use ‘alfalfa valves’ as an alternative to flood irrigation.
5. Alternative Four – Wheel Lines – The project would use ‘wheel lines’ as an alternative to flood irrigation.
6. Alternative Five – Improved Flood Coverage – The project would improve its current coverage for flood irrigation.

Because the water supply from the TYID ditch is above the proposed area, it is more feasible to use a pivot whereas the other systems/alternatives are very labor intensive and complete water covered is difficult. A pivot system will reduce labor and uniformly apply water, increasing effectiveness and efficiency for crop production and water coverage/use.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify direct, indirect, and cumulative effects to soils.

The DNRC mapped the soils resource for the pivot are using the NRCS Web Soil Survey application (<https://websoilsurvey.sc.egov.usda.gov/App/HomePage.htm>). The primary soil types in the pivot area include: Chanta loam (estimated 28.4% of drawn area; 0 to 2 percent slopes), Ryell very fine sandy loam (22.7%, 0 to 2 percent slopes, rarely flooded), Havre-Bigsandy loams (15.1%, 0 to 2 percent slopes, frequently flooded), Marvan-Vanda silty clays (14.3%, 0 to 4 percent slopes), Vanda clay (14.1%, 0 to 2 percent slopes), Yamacall loam (4.6%, warm, 2 to 8 percent slopes), Yamacall loam (0.5%, warm, 0 to 2 percent slopes), and Tinsely gravelly sandy loam (0.3%, 8 to 35% percent slopes). Chanta loam and Yamacall loam soils are classified by NRCS as prime farmland if irrigated, and well-drained. Ryell very fine sandy loam and Yamacall loam soils are classified as Farmland of statewide importance, and well-drained. The remaining soil types are not considered prime farmland.

The pivot area is entirely within the Quaternary Alluvium – Alluvium of modern channels and floodplains geology (Vuke, S.M., and Colton, R.B., 2003, Geologic map of the Terry 30' x 60' quadrangle, eastern Montana, revised 2010: Montana Bureau of Mines and Geology, Open-File Reports MBMG-477, scale 1:100,000).

Proposed Alternative – The proposed project may have potentially adverse impacts to the soils resource given the pivot will dig wheel tracks through the proposed area; however, the soils may benefit from more efficient water use given many of the soil types are classified as 'prime farmland' or 'Farmland of statewide importance' and well drained.

No Action – No impact to soil resource with the current flood irrigation system.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify direct, indirect, and cumulative effects to water resources.

The proposed pivot area is located within the Lower Yellowstone-Sunday watershed (HUC8 10100001), which drains an area of approximately 4804.9 mi². The mean annual flow of the Yellowstone River at Miles City, MT (USGS 06309000) ranges from 6,141 ft³ s⁻¹ (in 1999) and 19,780 ft³ s⁻¹ (in 2011).

The proposed pivot area is in the Tullock Member (of Fort Union Formation) aquifer, which is the most extensive of the Fort Union Formation and composed of sandstone and mudstone (Madison et al., 2014 - MBMG Groundwater Assessment Atlas No. 3). There are no wells drilled in the direct project area; however, wells in the near vicinity have an approximate static water level of 80 feet

(<https://www.mbmgt.mtech.edu/mapper/mapper.asp?view=Wells&>).

The nearest water quality concern is the Yellowstone River, which is on the 303d list and classified by Montana DEQ as B3, or 'Waters classified B-3 are to be maintained suitable for drinking, culinary and food processing purposes after conventional treatment; bathing, swimming and recreation; growth and propagation of non-salmonid fishes and associated aquatic life, waterfowl and furbearers; and agricultural and industrial water supply' (Montana DEQ List of Montana Impaired Waters 2020). In addition, the Yellowstone is a 'Category 5' stream for water quality. The Montana DEQ specifies those waters classified as a Category 5 as, 'Waters where one or more applicable beneficial uses have been assessed as being impaired or threatened, and a TMDL is required to address the factors causing the impairment or threat.' The Yellowstone River is impaired in pH, Copper, Zinc, Nitrate/Nitrite, Sediment, Total Dissolved Solids, and Lead. Other 'Non-Pollutant Causes' include alterations in stream-side or littoral vegetation.

Proposed Alternative – The proposed project will be potentially beneficial as the change from flood to pivot irrigation will likely conserve water through more efficient water delivery. In addition, the more direct application of water from the pivot may decrease overland flow of water, and thus reduce sedimentation and nutrient loading to nearby streams.

No Action – The no action alternative is the continued use of flood irrigation, which often uses more water and is less efficient. Because of potential excess water from flooding, nearby streams will likely continue to be impacted by sedimentation and/or nutrient loading.

6. AIR QUALITY:

What pollutants or particulate would be produced (i.e. particulate matter from road use or harvesting, slash pile burning, prescribed burning, etc)? Identify the Airshed and Impact Zone (if any) according to the Montana/Idaho Airshed Group. Identify direct, indirect, and cumulative effects to air quality.

The project area is not listed as impaired in air quality particulates per the Montana DEQ Air Quality Nonattainment Status list (Source: Montana DEQ Air Quality Website visit).

Proposed Alternative – No impact is expected to surrounding air quality. If there are any air quality impacts associated with construction, these impacts will likely be minor and short-term.

No Action – No impact to current air quality.

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify direct, indirect, and cumulative effects to vegetation.

The project area is primarily within private, cultivated cropland (Montana Natural Heritage Program MapViewer). Cultivated croplands and Great Plains Mixedgrass Prairie, and Great Plains Floodplain are the dominant land covers, followed by Great Plains Badlands, Introduced Riparian and Wetland vegetation, Open Water, and Great Plains Sand Prairie. There are 11 plants listed as State Species of Concern and one species listed as Potential Species of Concern for Custer County (Montana Natural Heritage Program).

Proposed Alternative – The proposed project area is entirely within cultivated cropland and would likely have no impact to State-listed plant Species of Concern; however, more efficient water distribution would likely prove beneficial to the introduced crops within the pivot area.

No Action – No impact to vegetation cover, quantity, or quality.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify direct, indirect, and cumulative effects to fish and wildlife.

The project area does not appear to be within crucial and/or critical habitat areas. There are 49 Animal Species of Concern, and one Special Status Species, the Bald Eagle, listed as occurring in Custer County. Greater sage-grouse is the only Species of Concern listed that may occur in the project area (Montana Natural Heritage Program); however, DNRC confirmed the project area was not located in an Executive Order – General habitat area for Greater sage-grouse using the DNRC Montana Sage Grouse Habitat Conservation Map (sagegrouse.mt.gov; USFWS Greater sage-grouse maps - <https://www.fws.gov/greatersagegrouse/maps.php>). Indeed, the project area is in Sections just outside of their habitat range. While the sections in the project area are not in the immediate vicinity of the Yellowstone River, the Lower Yellowstone watershed is listed as an aquatic focal area for conservation under Montana Fish, Wildlife, and Parks State Wildlife Action Plan (SWAP 2015).

Proposed Alternative – The proposed alternative appears to have no impact to critical terrestrial, avian, or aquatic habitats. There are no plant species of concern listed in the project area and only two animals of concern listed as potentially occurring in the project area, but DNRC confirmed the project PLSS sections were outside of the general habitat range for Greater sage-grouse.

No Action – No impact to terrestrial, avian, or aquatic habitats.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify direct, indirect, and cumulative effects to these species and their habitat.

The Bald Eagle and Greater sage grouse are two species listed as potentially occurring in Custer County (Montana Natural Heritage Program; DNRC Sage Grouse Habitat Conservation Program). In addition, the Yellowstone River is an aquatic focal area for conservation under Montana Fish, Wildlife, and Parks State Wildlife Action Plan (2015). There appear to be limited, to no wetlands present in the immediate area of the proposed pivot location (USFWS Wetlands Mapper).

Proposed Alternative – The proposed project will be potentially beneficial as pivot irrigation likely conserves water given its more efficient delivery. As such, there may be water conservation for the benefit of the Yellowstone River. The change from flood irrigation will also benefit by increased water quality given the potential reduction in sedimentation and nutrient loading.

No Action – No impact to unique, endangered, fragile, or limited environmental resources.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine direct, indirect, and cumulative effects to historical, archaeological or paleontological resources.

The project area is primarily on private, cropland and irrigated fields with no known historic or archeological resources in the area.

Proposed Alternative – No impact is expected as there have been no historic or archaeological resources identified in the proposed project area. If previously unknown cultural or paleontological materials are identified during project related activities, the DNRC grant manager will be notified, and all work will cease until a professional assessment of such resources can be made.

No Action – No impact to historical or archaeological sites.

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify direct, indirect, and cumulative effects to aesthetics.

The project area is on rural private property which is comprised primarily of cultivated cropland and/or Great Plains Mixedgrass Prairie. In addition, the project is approximately 9.25 miles northeast from the city of Miles City, and therefore outside of populated, residential areas.

Proposed Alternative – There may be minimal adverse impacts given the pivot is a large sprinkler; however, the project will cause minimal nuisance (e.g., glare, fumes) as the proposed project is on private lands.

No Action – no impact to aesthetics.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify direct, indirect, and cumulative effects to environmental resources.

The project will include the supply and delivery of a 1,298 ft Reinke Center Pivot that will provide irrigation coverage of approximately 141 acres. PVC mainline and cable will be trenched from the pivot point approximately 2,000 ft to the proposed pump site. The proposed pump site will include electrical components and will be consolidated to provide the smallest effective footprint for ease of construction of cattle protection structures. The Flooded suction pump will be fed via 12" underground pipeline by a precast concrete headwall structure with headgate which would be installed in the ditch bank. Guides will be cast into the concrete and allow the First street welding self-cleaning screen to slide into the wet well which will rotate during operation and spray debris off the intake screen. A 60 hp Cornell centrifugal pump will be mounted on a stand on a concrete pad which will supply the center pivot. A Steel I beam fabricated, 480 V Single phase electrical meter pedestal will be installed at the pump site for MDU to feed with electricity.

Proposed Alternative – Potentially adverse impacts to demand on energy resources as the system requires electricity to run the irrigation pivot pump; however, given the system relies on natural pressure head, the impacts may be minimal. There will also be a beneficial impact to water resources given this system appears to be more efficient at water delivery and perhaps less demand for water in the long-term.

No Action – The current flood irrigation system likely demands more water and is less efficient at

distribution for crops. The no action alternative will continue to demand increased water delivery.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

The project area does not have any wetlands in the immediate vicinity; however, a freshwater pond is nearby and may require a pre-application consultation with the U.S. Army Corps of Engineers to determine if a 404 Permit is required.

IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" if no impacts are identified or the resource is not present.*

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

The project implements floodplain irrigation on private crop- and pastureland.

Proposed Alternative – Potentially beneficial as the project proposes to use a pivot irrigation system controlled by either a remote application or going to the pivot point to start the pivot. The pump control will be wired to automatically start from the pivot point (or remote control) as well as shut off the pump if inadequate pressures are observed. The operator select the depth of the required application or the speed, verifies directions, and presses start.

No Action – No impact to human health and safety.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

The project is on irrigated, rural farmland where the primary crop produced from the irrigated area is alfalfa. The project area irrigates a total of 136 acres. As of August 2021, alfalfa square bales sell at \$300/ton and round bales sell at \$200/ton in Miles City, Montana.

Proposed Alternative – Potentially beneficial as the pivot increases both water efficiency and distribution. The increase in water efficiency and distribution will likely produce more alfalfa and thus more revenues. The 2022, 2023, and 2024 estimated gross income for four tons of alfalfa is approximately \$70,720.00, \$76,160.00, and \$81,600, respectively.

No Action – The project proponent will continue to use floodplain irrigation for alfalfa crop production, which provides less water efficiency and distribution is poor. The poor distribution may prove additionally detrimental during drought, due to excessive evaporation or other natural loss, and thus significantly impacting crop production.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify direct, indirect, and cumulative effects to the employment market.

The landowners (applicant) install and maintain the current infrastructure on the farmlands.

Proposed alternative – Potentially beneficial, short-term impact as the installation would be performed by local contractors. In addition, the additional production of alfalfa may create more transportation need.

No Action – No impact to quantity and distribution of employment.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify direct, indirect, and cumulative effects to taxes and revenue.

Current value from grazing, irrigated, farmsite, and Total Agricultural Land is approximately \$236,906 (Sheet attached in application). The taxable value of the properties owned by the applicant appear to be \$5,005 in 2020 and \$4,727 in 2021 (Montana Property Assessment Division, <https://svc.mt.gov/dor/property>).

Proposed Alternative – Potentially beneficial as the proposed alternative will provide more efficient water delivery and distribution, thus increasing crop production. Given the crop product (alfalfa) appears to be sold within Miles City (see attached application), there is likely local and state revenue benefit through the selling of hay for livestock.

No Action – No impact is expected to local and state tax base and tax revenues.

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify direct, indirect, and cumulative effects of this and other projects on government services

The project is on rural, private farm- and pastureland and approximately 9.25 miles to the northeast of Miles City.

Proposed Alternative – No impact to demand for government services.

No Action – No impact to demand for government services.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

The project is on rural, private farm- and pastureland and any action is voluntarily adopting any local environmental plans. The proposed area is not within critical habitat for Sage Grouse or other

sensitive species, and therefore not subject to necessary permits/coordination with state agencies. There are no other known zoning or management plans for the proposed area.

Proposed Alternative – No impact to locally adopted environmental plans or goals.

No Action – No impact to locally adopted environmental plans or goals.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract.

Determine the effects of the project on recreational potential within the tract. Identify direct, indirect, and cumulative effects to recreational and wilderness activities.

The project is on rural, private farm- and pastureland. While the Yellowstone river corridor is within one mile of the project area, it is not in direct access to the river.

Proposed Alternative – No direct impact to access to or quality of recreational and/or wilderness activities; however, there may be indirect, cumulative impact to water quantity given the water rights cover usage from the Yellowstone and Tongue Rivers, which may affect boating, fishing, or any other recreational activities occurring on either the Yellowstone or Tongue Rivers.

No Action – Similar to the proposed alternative, flood irrigation may prove to have to no direct impact to access to or quality of recreational and/or wilderness activities; however, there may be indirect, cumulative impact to water quantity given the water rights cover usage from the Yellowstone and Tongue Rivers, which may affect boating, fishing, or any other recreational activities occurring on either the Yellowstone or Tongue Rivers.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify direct, indirect, and cumulative effects to population and housing.

The population of Custer County in 2020 was estimated at 11,292 individuals, and the City of Miles City was estimated at 8,181 individuals (-0.6% decline for both County and City; MT Dept. of Commerce: <http://ceic.mt.gov>). In addition, there are approximately 5,700 housing units in Custer County (<https://ceic.mt.gov/Maps/Housing/OwnerOccupied>).

Proposed Alternative – No impact is expected to the county population. Given the project is expected to be short-term and performed by the applicant/landowner and local contractor, no additional housing is expected.

No Action – No impact to density and distribution of population and housing.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

The project area is largely made up of rural, cultivated cropland and/or Great Plains mixedgrass prairie (Source: Montana Natural Heritage Program). The agricultural way of life provides the most common type of lifestyle/community for the county.

Proposed Alternative – No impact is expected to change social structures and/or lifestyles from the project, but it may enhance the current communities and lifestyles. By creating more efficient water delivery, the project will likely conserve groundwater and/or surface water sources. Increased efficiency and conserved water will create benefits locally, regionally, and statewide in the form of increased livestock food supply, improved recreational opportunities, and economic impacts.

No Action – No impact to social structures is likely given the area is primarily on private land.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

Agricultural lands sustain the way of life for Custer County and the greater Miles City area, providing local and regional food supply for the overall area.

Proposed Alternative – No impact is expected to the cultural uniqueness and/or diversity to the project area given the project is on private land.

No Action – No impact to cultural uniqueness or diversity resources.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify direct, indirect, and cumulative economic and social effects likely to occur as a result of the proposed action.

The proposed project is located on private land and there are no defined management strategies benefiting the current social and economic circumstances of the area.

Proposed Alternative – No impact is expected to additional social or economic circumstances as the project is on private lands; however, more efficient watering facilities may increase livestock production to some extent and therefore benefit the local area for a long-term, cumulative impact.

No Action – No impact to social or economic circumstances.

EA Prepared By:	Name: Demitra Blythe Title: CARD Division MEPA/NEPA Coordinator Email: Demitra.Blythe@mt.gov
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V. FINDING

25. ALTERNATIVE SELECTED:

Alternative One - Proposed Alternative – The project proposes to install an irrigation pivot for hay production and livestock grazing.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

No significant adverse impacts are expected from the proposed project; however, U.S. Army Corps of Engineers should be consulted to determine level of impact to wetlands near their private lands.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:☐

EIS

☐

More Detailed EA

☒

No Further Analysis

EA Approved By:	Name:
	Title:
Signature:	Date: 9/10/2021

DecuSigned by:
Mark W Bostrom

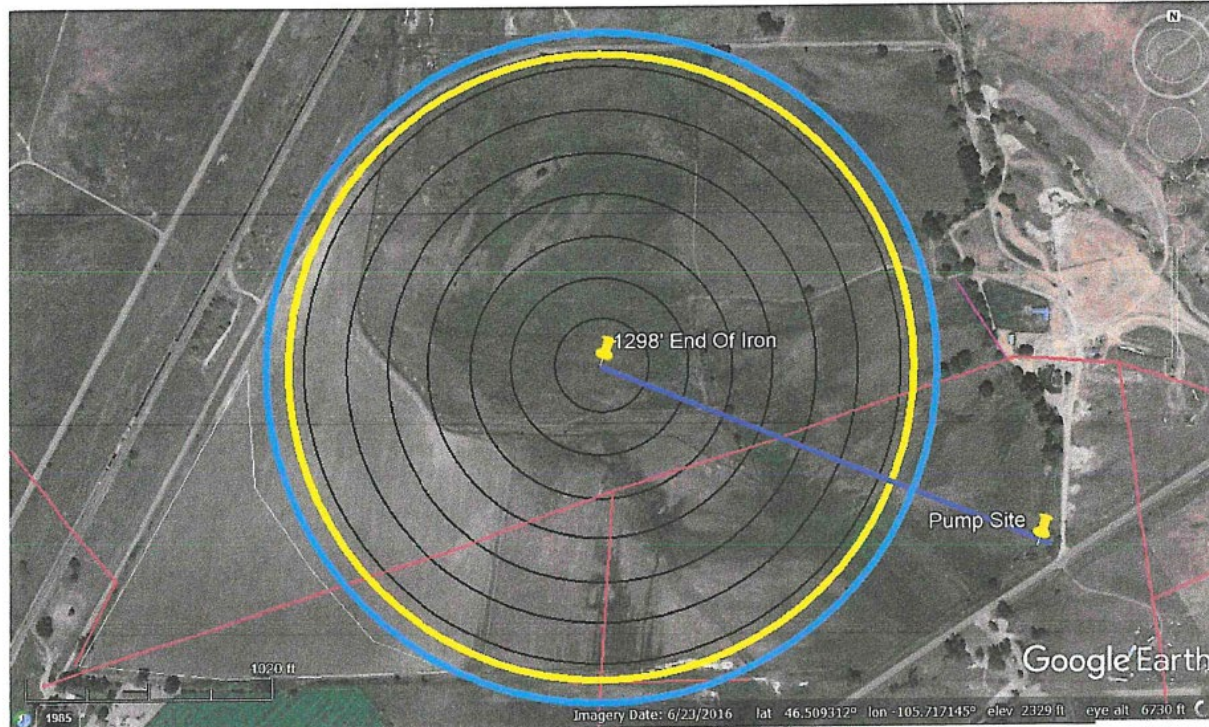
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Maps and Figures



Approximate Pivot Layout

1298' Center Pivot



T 8 N, R 48 E, Sec 29, Tract 01 in N $\frac{1}{2}$,
C.O.S 130089

**Department of Natural Resources and Conservation
Renewable Resource Private Loan Program**

PRIVATE LOAN APPLICATION SUMMARY

I. APPLICANT INFORMATION

A. Applicant Name MONTANA PRODUCERS, LLC
 B. Mailing Address P.O. Box 1265
 C. City, State, Zip MILES CITY, MT 59301
 D. Telephone Number(s) 406-951-4200
 E. Contact Person WILLIAM KAUTZFELDT

1. Address if different from Applicant _____
 Email Address WVK@MIDRIVERS.COM
 2. Telephone 406-951-4200

F. This loan is requested by a(n): (Check one)

☐ Individual ☐ Non-project corporation*
☐ Corporation for profit* ☒ Partnership** LLC
☐ Other (Specify) _____

II. PROJECT INFORMATION

A. Brief Project Description IRRIGATION PIVOT
 B. How long will it take to complete your project or activity? ONE MONTH
DEPENDING ON PIVOT/ANCILLARY SUPPLIES
 C. When do you plan to begin your project or activity?
SEPT/2021
 month/year

* Corporation applicants must submit corporation information as follows: Articles of Incorporation, Corporation By-laws, and complete page 6 of this application.

** Partnership applicants must submit a Partnership Agreement. ATTACHED ARE ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT

D. Project Budget

Funding Request: DNRC Loan (from page 18)

\$ 254,835

Applicant Funds

\$ 0

Other Funding Sources

\$ 0**Total Project Cost:**\$ 254,835**Loan requests cannot exceed \$400,000****E. Authorizing Statement**

I (We) hereby declare that the information and all attachments to this application are true, complete and accurate to the best of my (our) knowledge, and that the project or activity complies with all applicable state, local and federal laws and regulations.

I (We) further declare that I am (we are) legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain loan funds if this application receives approval.

INDIVIDUAL_____
Signature of applicant_____
Date_____
Social Security No._____
Signature of co-applicant_____
Date_____
Social Security No.**PARTNERSHIP**Name: MONTANA PRODUCERS, LLC, A Montana partnershipBy: W. Krutzfeldt - member agent, a partner

_____, a partner

Date: 8/2/2021Taxpayer Identification No. 81-0540160**CORPORATION**

Name: _____, A Montana corporation

By: _____, President

_____, Secretary

Date: _____

Taxpayer Identification No. _____

Department of Natural Resources and Conservation Renewable Resource Private Loan Program

CORPORATE INFORMATION

Corporation Name N/A

Is corporation in good standing in the state and have corporation fees and taxes been paid? (Yes/No) _____

Total Shares authorized by the Corporation: _____.

Stockholders, Directors and Officers (include manager if not an officer or director):

NAME	TITLE	DIRECTOR Yes/No	SHARES OWNED	GUARANTEES LOAN – Yes/No
	President			
	Vice-President			
	Secretary			
	Treasurer			
TOTAL SHARES OWNED				

Department of Natural Resources and Conservation Renewable Resource Private Loan Program

TECHNICAL NARRATIVE INSTRUCTION SHEET

At a minimum, the technical narrative should include the following:

Checklist

SEE ATTACHED NARRATIVE CHECKLIST

- ☒ 1. A clear statement of the purpose of the project and the specific objectives to be accomplished. INSTALL IRRIGATION PIVOT FOR HAY AND GRAZING
- ☒ 2. A thorough description of the project that shows how the project will accomplish the objectives. SEE ATTACHED TREASURE STATE TECHNICAL NARRATIVE
- ☒ 3. A discussion of the history of the project or problem addressed by the project, and all work previously conducted. CONVERTS FLOOD IRRIGATION TO PIVOT IRRIGATION
- ☒ 4. A description of the technical alternatives and the reason the proposed alternative was selected. GATED PIPE, ALFALFA VALVES AND FLOOD WERE CONSIDERED. PIVOT SELECTED TO REDUCE LABOR AND UNIFORMLY APPLY WATER
- ☒ 5. A schedule (preferably in chart form) for completing the project. SEE ATTACHED SCHEDULE
- ☒ 6. A discussion of the effects, positive or negative, the project will have on water quantity and quality, soils, vegetation, wildlife and other natural resources.
- ☒ 7. A description of the final project results, how they will be used and by whom.

Instructions for Documentation

You are urged to submit as much relevant, sound documentation about the project as you have.

A. Include a topographic map or aerial photo that locates the project or activity by sections, townships and ranges. Identify all proposed construction sites, sources of water, points of water diversion, places of water use and water conveyance structures. Title all maps, and include a scale and a north arrow.

B. Include verification of deeds, easements, or right-of-way agreements that will be required to complete your project, or describe property agreements that will be needed to begin the project. Water right certificates, proof-of-use rights or acknowledgment of water right claims should also be included. Some construction projects may require other permits. Prepare a list of permits you have obtained, or must obtain to complete the project. Estimate of any water savings (in acre feet).

SEE ASSESSOR PROPERTY RECORD CAROTTY WATER CLAIM
NO EASEMENTS OR PERMITS REQUIRED
IRRIGATION DISTRICT HAS WATER RIGHT AND
PIVOT IS IN THE DISTRICT

The Montana Water Use Act states that an appropriator may not change a water right without prior approval from the Montana, Department of Natural Resources and Conservation (DNRC). Authorization is required for modification to: the Place of Use (POU); the Point of Diversion (POD); the Purpose of Use; or the Place of Storage. Authorization from DNRC to change a water right is not needed for changing the method of irrigation (e.g., flood to sprinkler), as long as none of the elements listed above are changed.

If the answer to any of the following questions is "yes", the landowner likely needs authorization from DNRC to change the water right. Consult your local DNRC Water Resources **Regional** Office for the further information.

Check Box Below:

- Yes ☐ No ☒ Does the area to be irrigated (POU) by the proposed system extend beyond the irrigated area designated in the water right(s) or outside the area historically irrigated with the water right(s) involved?
- Yes ☐ No ☒ Do the proposed changes to the irrigation or water system require a modification of the point of diversion designated for the water right(s)?
- Yes ☐ No ☒ Do the proposed changes require a modification of the purpose designated for the water right(s) involved (i.e., a change from Irrigation to Fish & Wildlife)?
- Yes ☐ No ☒ Do the proposed changes to the Irrigation or water system require a modification to or addition of a place of storage?

Water Resources Regional Office

Billings Regional Office

Airport Industrial Park, 1371 Rimtop Drive, Billings, Montana 59105-1978

Phone: 406/247-4415, Fax: 406/247-441

SERVING: Big Horn, Carbon, Carter, Custer, Fallon, Powder River, Prairie, Rosebud, Stillwater, Sweet Grass, Treasure, Yellowstone

Bozeman Regional Office

2273 Boot Hill Court, Suite 110, Bozeman, Montana 59715

Phone: 406/586-3136, Fax: 406/587-9726

SERVING: Gallatin, Madison, Park

Glasgow Regional Office

222 Sixth Street South, P.O. Box 1269, Glasgow, Montana 59230-1269

Phone: 406/228-2561, Fax: 406/228-8706

SERVING: Daniels, Dawson, Garfield, McCone, Phillips, Richland, Roosevelt, Sheridan, Valley, Wibaux

Havre Regional Office

210 Sixth Avenue, P.O. Box 1828, Havre, Montana 59501-1828

Phone: 406/265-5516, Fax: 406/265-2225

SERVING: Blaine, Chouteau, Glacier, Hill, Liberty, Pondera, Teton, Toole

Helena Regional Office

1424 Ninth Avenue, P.O. Box 201601, Helena, Montana 59620-1601

Phone: 406/444-6999, Fax: 406/444-9317

SERVING: Beaverhead, Broadwater, Deerlodge, Jefferson, Lewis and Clark, Powell, Silverbow

Kalispell Regional Office

109 Cooperative Way, Suite 110, Kalispell, Montana 59901-2387

Phone: 406/752-2288, Fax: 406/752-2843

SERVING: Flathead, Lake, Lincoln, Sanders

Lewistown Regional Office

613 NE Main, Suite E, Lewistown, Montana 59457-2020

Phone: 406/538-7459, Fax: 538-7089

SERVING: Cascade, Fergus, Golden Valley, Judith Basin, Meagher, Musselshell, Petroleum, Wheatland

Missoula Regional Office

1610 South Third Street West, Suite 103, P.O. Box 5004, Missoula, Montana 59806-5004

Phone: 406/721-4284, Fax: 542-1496

SERVING: Granite, Mineral, Missoula, Ravalli

TECHNICAL NARRATIVE

(Use additional pages as needed)

Applicant: MONTANA PRODUCERS, LLC

Project Title: MONTANA PRODUCERS PIVOT

SEE ATTACHED TREASURES STATE IRRIGATION

TECHNICAL NARRATIVE WITH:

SECTION 1: SCOPE OF WORK, DESIGN
CONSIDERATION,

1298' EQUIPMENT LIST

WATER DELIVERY ITEMS

SECTION 2: NOTES

SECTION 3: BASE PROJECT PRILING

COMMENT: THIS NARRATIVE WAS PREPARED
BY A CIVIL ENGINEER EXPERIENCED
IN PIVOT DESIGN

Department of Natural Resources and Conservation Renewable Resource Private Loan Program

ENVIRONMENTAL CHECKLIST

POTENTIAL IMPACTS ON ENVIRONMENT

(check appropriate column – state whether adverse or beneficial)

	Major	Moderate	Minor	None	Unknown	Comments
1. Water: quality, quantity, distribution +	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Beneficial
2. Terrestrial, avian & aquatic: species & habitats +	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Beneficial
3. Unique, endangered, fragile or limited environmental resources +	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Beneficial
4. Demands on resources of land, water & air +	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Beneficial
5. Historical & archaeological sites +	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Beneficial
6. Human health & safety +	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Beneficial
7. Community & personal income +	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Beneficial
8. Employment: quantity & distribution +	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Beneficial
9. Recreation & wilderness +	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Beneficial
10. Demands for energy +	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Beneficial

List any groups or agencies contacted: USDA-NRCS NO FUNDS AVAILABLE

Comments: _____

1. Does the project deal solely with the rehabilitation of facilities? Yes ☐ No ☒

2. Will the project divert water from a blue ribbon stream or similarly important fishery?

Yes ☐ No ☒ If yes, where _____

3. Will the proposed project or activity take place on or near:

a. bald eagle nesting sites

Yes ☐ No ☒ If yes, where _____

b. Important riparian or wetland areas

Yes ☐ No ☒ If yes, where _____

4. Use /presence of hazardous materials on the proposed project site:

a. Has the project site been used as a landfill, dump, or disposal site at any time?

Yes ☐ No ☒

b. Is there any evidence of hazardous materials, excluding typical application of agricultural chemicals, on the project site? Yes ☐ No ☒

c. Is the project site in compliance with the Montana Underground Storage Tank Rules for Tank Management & Operation? Yes ☐ No ☐ N/A

5. Is there any other information about the environmental or social impact of the project that should be taken into consideration? Yes ☒ No ☐

Comments:

THIS PROJECT MAKES BETTER
USE OF WATER AND ENHANCES
FOOD/FEED AVAILABILITY FOR
DOMESTIC AND WILD ANIMALS.

Department of Natural Resources and Conservation Renewable Resource Private Loan Program

FINANCIAL NARRATIVE AND BUDGET FORM INSTRUCTION SHEET

COMPLETE THE FOLLOWING FINANCIAL NARRATIVE AND BUDGET FORMS

I. Instructions for the Financial Feasibility Narrative

A. Demonstrate that the project or activity can be done within the proposed budget. Provide a general discussion of the spending plan. Include the source of all cost estimates.

SEE ATTACHED TREASURY STATE PROPOSAL DATED 7/31/2021

B. Demonstrate that you are able to repay the loan. The financial statements, profit and loss statements and projected operating budget for the project establish your loan repayment capability. For associations or applicants representing rural water systems, you must complete the application supplement.

SEE CASH FLOW WORK SHEET
Illustrating Break-even yield of 2.4% to 2.8 Tons. Expected yield exceeds 4 Tons

C. Identify all funding sources for your project. State how much money you will provide. Fully describe your borrowing plans.

Renewable Resource Private Loan Program - MT DNR, Borrow 100% of Project Cost of \$254835,

D. Include any other information that would be helpful in assessing your financial commitment to completing the project.

II. Instructions for Budget

A. Use the budget forms provided. Budgets should estimate costs as completely and accurately as possible. The forms include major expense categories. Amend the budget forms as needed to fit your particular project. Construction projects may include a contingency expense of 10 percent of construction costs to cover unexpected expenses.

B. Complete the Financial Statement. It provides the basic statistics about your assets and debts (a copy of a current Financial Statement that has been prepared for another financial Institution may be substituted if it includes all requested information).

C. Include copies of cover letters for funding applications to other agencies, and letters of inquiry and responses.

FINANCIAL FEASIBILITY NARRATIVE

(Use additional pages as needed)

Applicant: MONTANA PRODUCERS, LLC

Project Title: MONTANA PRODUCERS PIVOT

FINANCIAL STATEMENT

Name: _____

Date: _____

Cash on Hand in Bank

Bonds & Securities

Accounts & Notes Receivable

Cash Value of Life Insurance

(Sch A)

(Sch B)

(Sch D)

Notes Payable (unsecured)

Federal Payment Due & Receivable

Debts secured by Chattels

(Installments due within one year)

CREDITOR

SECURITY

DUE

Farm Products on Hand for Sale

(Sch C)

Cash Invested in Growing Crops

(Sch C)

Farm Products on Hand for Use

(Sch C)

Livestock on Hand

#

KIND

VALUE

Term Loan Installments Due Within One Year

Taxes, Assessments & R/E Payments Due

KIND

YEAR

DUE

State & Federal Income Taxes Due

Other Current Liabilities (Itemize)

TOTAL CURRENT ASSETS

TOTAL CURRENT LIABILITIES

FIXED ASSETS

Real Estate

(Sch E)

DEFERRED LIABILITIES

Real Estate Mortgages & Contracts

(Sch F)

Other Liabilities (Itemize)

Real Estate Sale Contract Receivable

Machinery & Equipment

(Sch H)

Other Assets (Itemize)

TOTAL ASSETS

TOTAL LIABILITIES

NET WORTH

TOTAL LIABILITIES & NET WORTH

Department of Natural Resources and Conservation Renewable Resource Private Loan Program

FINANCIAL INFORMATION

Are there any lawsuits, judgments, obligations pending for or against you? YES ☐ NO ☒

Have you ever declared bankruptcy? YES ☐ NO ☒

Have required income tax returns not been filed? YES ☐ NO ☒

Are any of your tax returns under dispute? YES ☐ NO ☒

Any unpaid deficiencies? YES ☐ NO ☒

Are you a party to a lawsuit? YES ☐ NO ☒

Are you a co-signer, co-maker or guarantor on any other obligations? YES ☒ NO ☐
5 Stockman Bank of Miles City CREDIT UNION

Does anyone else own an interest in the property listed? YES ☐ NO ☒

Do you have any other contingent liabilities? YES ☐ NO ☒

Explain all **YES** answers Montana Producers as at 7/12/2021
OWED STOCKMAN BANK MILES CITY \$163,470 on
Land where pivot will be located. ON OTHER REAL PROPERTY, IT
OWED STOCKMAN BANK and Community First Credit Union
380,346 on OTHER LAND & APARTMENTS. Debt to Asset is 8.33%

I (We), the undersigned, have provided this financial statement as part of my (our) application for a loan from the Resource Development Bureau of the Department of Natural Resources and Conservation. I (We) certify that the statement is complete and accurate to the best of my (our) knowledge and I (we) authorize DNRC to certify any condition of debt described above.

Values are estimate
MONTANA PRODUCERS, LLC
WILLIAM KRUTZFELD 81-0540160 20/21/2021
 Name Social Security No. Signature Date
 AGENT TAX ID Agent

Name	Social Security No.	Signature	Date
Name	Social Security No.	Signature	Date

SUPPORTING SCHEDULES

N/A

- | | |
|--|--|
| 1. Name of Spouse _____
2. Ages of Children at home _____
3. Insurance on Crops \$ _____
4. Insurance on Buildings (Fire, Ext. Cov.) \$ _____ | 5. Insurance on Machinery, Equipment & Livestock \$ _____
6. Your Age _____ Physical Condition _____
7. Do you carry health, accident or hospital insurance? Yes <input type="checkbox"/> No <input type="checkbox"/>
8. Liability Insurance Coverage \$ _____
9. List Contingent Liabilities (Incl. CCC Commodity Loans): _____ |
|--|--|

SCHEDULE A - Bonds and Securities (in your name)				SCHEDULE B - Accounts and Notes Receivable			
No. of Shares or Par Value Bonds	Description	Cost	Market Value	Acct (A) Note (N)	Due From or Payer	Date Due	Amount Due
TOTAL				TOTAL			

SCHEDULE C - Feed and Seed Held for Farm Use - Harvested Crops Held for Sale - and Cash Invested in Growing Crops									
Kind	Market Price Per Unit	Feed and Seed Held for Farm Use		Harvested Crops Held for Sale		Cash Invested in Growing Crops			
		Bu.Tons	Value	Bu.Tons	Value	Acres Owned	Acres Rented	Nature of Investment	Amount
TOTAL				TOTAL				TOTAL	

SCHEDULE D - Life Insurance (include credit life)				Policy Loans		
Insurance Company	Beneficiary	Face Value	Cash Value	Amount Borrowed	Due	From Whom

SCHEDULE E - Real Estate - Owned or Rented					
Acres		OWNED - Title Held By:	Description	County	Statement Value
A					
B					
C					
D					
E					
F					

(Present Market Value of Above Real Estate is Estimated at \$_____, based on _____).

SCHEDULE F - Real Estate Debts					
Date Originated		Current Payment	Balance Due	Repayment Terms	Holder
A		\$	\$		
B		\$	\$		
C		\$	\$		
D		\$	\$		
E		\$	\$		
F		\$	\$		

REAL ESTATE RENTED					
Owner	Description	Acres	Type of Lease (i.e., FS, BLM, State, Private)	Annual Cost	Expires
				\$	
				\$	
				\$	
				\$	

[illegible]

Department of Natural Resources and Conservation Renewable Resource Private Loan Program

CONSTRUCTION BUDGET

I. PROJECT COSTS

A. Equipment - PIVOT	\$ <u>104937</u>
B. Materials - ANCILLARY	\$ <u>104530</u>
C. Other - INSTALL ELECTRICAL REMOVE TREES	\$ <u>33233</u>
D. Contingency - 10% or less of Project Cost (optional) 5%	\$ <u>12135</u>
SUBTOTAL	\$ <u>254835</u>
Administrative Fee*	\$ <u>N/A</u>

*Administrative fee of subtotal 3.34%, on non-SRF bonds. SRF bonds have no Admin. Fee.

TOTAL PROJECT COSTS

\$ _____

III. PROJECT FUNDING

A. Loan Request--DNRC*	\$ <u>254835</u>
B. Federal Funding	\$ <u>0</u>
C. Applicant Contribution -	\$ <u>0</u>
D. Other	\$ <u>0</u>
TOTAL PROJECT FUNDING (Total funding must equal total cost)	\$ <u>254835</u>

***Loans cannot exceed \$400,000.**

If you anticipate beginning construction following approval but before state bond funds are available, you may want to obtain interim financing.

Department of Natural Resources and Conservation Renewable Resource Private Loan Program

Name: MONTANA PRODUCERS, LLC

Real Estate Offered as Security					
OWNED - Title Held By:	Description; Township, Range, Section	Acres	Value per Acre	Statement Value	
A	Montana Producers, LLC T9N, R48E, S22 29,	215.390	\$ 3200	\$ 689,248	
B	G.O.S130089, TRACT C1 IN N2		\$	\$	
C	CUSTER COUNTY, MT		\$	\$	
D	FARM SITE - W1 Home Event Center,	1	\$ 500,000	\$ 500,000	
E	SHEDS, SHOP		\$	\$	
See www.yellowstonelease.com		TOTAL	216.390	\$ 1,189,248	

(Present Market Value of Above Real Estate is Estimated at \$ 1,189,248 based on: FARM LAND SALES IN KINSEY IRRIGATION PROJECT OF \$3500 PER ACRE AND HOME SALES IN AREA. Buildings Value 270,720 B.R.S. 500,000)

Real Estate Mortgage or Contract on Real Estate Offered as Security					
Date Originated		Current Payment	Total Balance Due	Repayment Terms	Holder
A	6/22/2017	\$ 1258.65/MO	\$ 163470	1258.65/MO	STOCKMAN BANK MORTGAGE
B		\$		(1510.80/YR)	
C		\$			
D		\$			
E		\$			
TOTAL		\$	\$ 163470		

Attach a map on which all real property offered as security is clearly identified and located according to its legal description (real estate used as security must have access from a public road). SEE ATTACHED MAP OUTLINING IN GREEN 216.39 Acres Security.

Do you lease any of your property that is offered as security? Yes ☐ No ☒ CORRECTION: WARRANTY DEED, STOCKMAN BANK MORTGAGE DESCRIPTION STATE HIGHWAY IS ADJACENT

If so, give your tenant's name, address and conditions of the lease: _____

Is any of the real or personal property offered as collateral on this loan affected by probate or other estate proceedings? No ☒ Yes ☐ (If yes, explain): _____

_____ \$ _____
_____ \$ _____

NOTE: Security must be 150% of the loan amount.

Security Calculation: ESTIMATED VALUE 1,189,248
Less STOCKMAN BANK Debt -163,470
DNRC Security 1,025,778
DNRC LOAN 259,835
LOAN TO SECURITY 394.78%

**Department of Natural Resources and Conservation
Renewable Resource Private Loan Program**

See ATTACHED PROFIT & LOSS for Detailed 2019, 2020, 2021

PROFIT OR LOSS STATEMENT-

Name: COMBINED MONTANA PRODUCERS, LLC Date: 8/2/2021
William & Julie Krutzfeldt, View Plus LLC

Show your overall financial condition for the past two (2) years and an estimate for the current year. *The Farm and Real Estate Business is operated under Montana Producers, Krutzfeldt and View Plus*

INCOME SOURCES	YEAR		
	2019	2020	ESTIMATE 2021
<i>Sustained Profit</i>			
Barley	\$	\$	\$
Wheat	\$	\$	\$
Steer Calves	\$	\$	\$
Heifer Calves	\$	\$	\$
Yearlings	\$	\$	\$
Cull Cows	\$	\$	\$
Cull Bulls	\$	\$	\$
CRP	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
TOTAL GROSS INCOME	\$ 754,817	\$ 945,206	\$ 901,428

OPERATING EXPENSES	YEAR		
	2019	2020	ESTIMATE 2021
Salaries and Employees Benefits	\$	\$	\$
Rent/Leases	\$	\$	\$
Repairs and Maintenance	\$	\$	\$
Feed and Seed	\$	\$	\$
Supplies	\$	\$	\$
Veterinary and Medicine	\$	\$	\$
Gas and Oil	\$	\$	\$
Taxes	\$	\$	\$
Interest Expenditures	\$	\$	\$
Trucking	\$	\$	\$
Living Expenses	\$	\$	\$
Debt Payment	\$	\$	\$
Capital Expenditures	\$	\$	\$
Other (itemize)	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
Other:	\$	\$	\$
TOTAL OPERATING EXPENSES	\$ 720,373	\$ 737,283	\$ 832,315
<i>COMMENT: INCOME IS BE INVESTED IN THE FARM & REAL ESTATE</i>	\$	\$	\$
NET PROFIT (OR LOSS)	\$ 34,444	\$ 207,923	\$ 69,113

Department of Natural Resources and Conservation Renewable Resource Private Loan Program

THREE-YEAR PROJECTION FOR THIS PROJECT

Name: _____

Loan repayment period and estimated interest rate used to compute interest and principal on DNRC loan: 15 years maximum or the life of project, whichever is less, at 3.61 or 3.30 percent per year.

See attached Cash Flow Worksheet

PROJECTED INCOME			
INCOME SOURCES	May 130/Ton 2022	YEAR 2023	May 150/Ton 2024
Increased/Saved Crop Production	\$ 70720	\$ 76160	\$ 81600
Increased Livestock Production	\$ 0	\$ 0	\$ 0
Other Project Income	\$ 0	\$ 0	\$ 0
TOTAL PROJECTED INCOME	\$ 70720	\$ 76160	\$ 81600

** COMMENT: AS OF AUGUST 1, 2021 ALPINE S&B sells at \$300/Ton and Round Logs at \$200/Ton AT MILPSCITY, TX*

PROJECTED EXPENSES			
OPERATING EXPENSES	2022	YEAR 2023	2024
Rent/Leases	\$ 1314	\$	\$
Water	\$ 2176	\$	\$
Repairs and Maintenance	\$ 2069	\$	\$
Feed and Seed	\$ 2551	\$	\$
Fertilizer/Chemicals	\$ 4464	\$	\$
Gas and Oil	\$ 2183	\$	\$
Auto/Freight/Trucking	\$ 3300	\$	\$
Insurance	\$ 1301	\$	\$
Utilities (Gas, Water, and Electricity)	\$ 3099	\$	\$
Other (itemize) <i>Own Vehicle 1650</i>	\$ 1650	\$	\$
<i>Misc Labor 3173</i>	\$ 3173	\$	\$
TOTAL PROJECTED OPERATING EXPENSES	\$ 27280	\$ 27280	\$ 27280

OTHER PROJECTED EXPENSES			
OTHER PROJECTED EXPENSES	2022	YEAR 2023	2024
DNRC Payment <i>Loan 254,835 @ 3.3% - 15 yrs</i>	\$ 21884	\$ 21884	\$ 21884
DNRC Payment (other)	\$	\$	\$
Other (itemize)	\$	\$	\$
TOTAL PROJECTED EXPENSES	\$ 49164	\$ 49164	\$ 49164
PROJECT NET INCOME (OR LOSS)	\$ 21556	\$ 26996	\$ 32436

Comments: *Assumed same costs each year since present economy has already caused higher costs in 2021, with uncertain economy probability of deflation or inflation is equal. If inflation income also may be higher.*

MONTANA PRODUCERS PIVOT TECHNICAL NARRATIVE CHECKLIST

1. Purpose: Install irrigation pivot for hay and livestock grazing.
2. Description: See attached Treasure State Technical Narrative. Note that Montana Producers is obtaining bids from Valley, Zimmatic and Reinke. These are reputable pivot manufacturers with engineering experience to insure proper performance. Valley and Reinke have business locations in Miles City and Zimmatic is located in Billings, Montana. They all have experienced design personnel.
The project is converting flood irrigation to pivot irrigation. An objective to increase production and profit and use water efficiently will be achieved by alfalfa hay and cattle grazing on fields owned by Montana Producers. William Krutzfeldt and his wife Julie Krutzfeldt are lifelong farmers and have the knowledge to achieve excellent production.
3. History: Past production from flooding has been limited by insufficient coverage and labor. Montana Producers has owned the property for many years and is operating the farm as a guest ranch known as the Yellowstone Jewel. Guest ranch information can be obtained at web site www.YellowstoneJewel.com.
4. Technical Alternatives: Gated pipe, alfalfa valves, wheel lines and improved flood coverage were considered. With the water supply from the T&Y Irrigation ditch above the land, it is feasible to use a pivot whereas the other systems are very labor intensive and water coverage is difficult. A pivot reduces labor and will uniformly apply water.
5. Schedule to Complete:
 August 31, 2021- MDU complete electric overhead line removal
 September 1-15, 2021-MDU complete underground electric line to pump site
 September 15-30, 2021- Agreement to Purchase and Order Pivot
 October 1-30 Install Pivot.

 Comment: Schedule is dependent upon Pivot availability from Manufacturer, financing, and other Dealer installations. If the above schedule is not possible, then the objective is to complete by April 1, 2022.
6. Project effects: Positive effects are more efficient use of water, greater production, reduced labor and easier management. The sprinkler can be operated by telephone. Water quality is good from the T&Y Irrigation canal which obtains run off water from the Big Horn Mountains stored in the Tongue River dams. Soils will be managed to minimize wind and water erosion. Montana Producers now operates a private wildlife refuge adjacent to this project. The birds, deer and elk and other animals will have a significant source of residue plant food.
7. Project Results: The completed project will result in 136-141 acres of pivot irrigated fields which will provide more reliable production than the previous system obtaining flood and rain water. The production will be used and owned by Montana Producers.

Treasure State Irrigation

TECHNICAL NARRATIVE



Proposal # 1A-073121

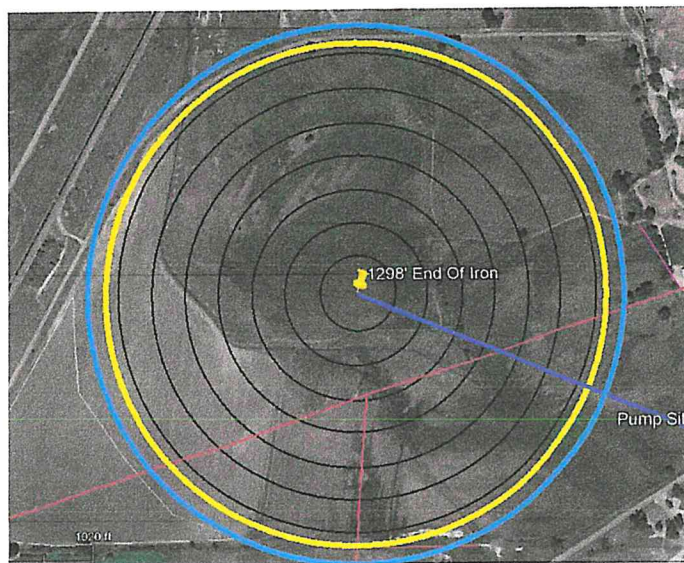
Date: 7/31/2021

Project: 1,298' Full Circle Pivot

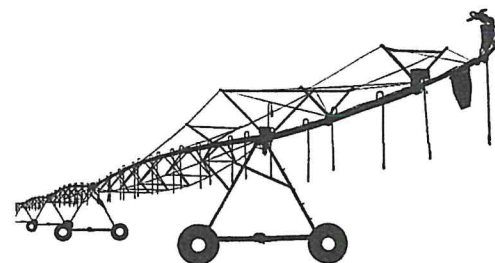
Location: Valley Drive

Prepared For: Butch Krutzfeldt 951-4200
 Montana Producers LLC.
 315 Main Street
 PO Box 1265
 Miles City, MT 59301

Prepared By: Bill DeRosier
 Treasure State Irrigation
 1100 US Highway 12
 Miles City, MT 59301
 (406) 579-8899/234-7867

**Section I - SCOPE OF WORK: - Installation of new Turn Key Reinke Electrogrator****II Center Pivot System:****Design Considerations:**

- Power Supply—MDU to Supply 480V-1Ø Power
- Water Supply— T&Y Irrigation Ditch
- Elevations used for preliminary design from google earth

**Project Summary:**

Project will include the supply and delivery of a 1,298' Reinke Center pivot that will provide coverage of approximately 141 Acres. PVC mainline and cable in conduit will be trenched from the pivot point approximately 2,000 ft to the proposed pump site. The proposed pump site will include electrical components and will be consolidated to provide the smallest effective footprint for ease of construction of cattle protection structures. The Flooded suction pump will be fed via 12" underground pipeline by a precast concrete headwall structure with headgate which would be installed in the ditch bank. Guides will be cast into the concrete and allow the First street welding self cleaning screen to slide into the wet well which will rotate during operation and spray debris off of the intake screen. A 60 hp Cornell centrifugal pump will be mounted on a stand on a concrete pad which will supply the center pivot.

Steel I beam fabricated 480v Single phase electrical meter pedestal will be installed at the pump site for MDU to feed with electricity.

Theoretical operation of this system would be to go to the pivot point (or utilize the Remote App) and start the pivot. Pump control will be wired to automatically start from the pivot point (or remote control) as well as shut off the pump if inadequate pressures are observed. The operator simply selects the depth of the required application (if running wet) or the speed, verify direction, and presses start.

With the 1150 Gallons per minute provided this machine will be capable of irrigating 1 inch of water in approximately 56 Hours.

1298' Full Circle Pivot Equipment Included:**E2065 6-5/8" Pivot Center with the following:**

Preferred Touch 10" Control panel, Pivot Point Platform, Lightning Arrestor, GPS End Gun Positioning, RC10 D Remote telemetry unit with Verizon or AT&T Modem, Landing Block, SAE Lower Elbow, and Pressure Transducer

1- 6-5/8" x 194' Galvanized Spans with 10 Conductor 10 Gauge Span Cable and 11.2 x 38" Rhinogator Airless Wheel Assemblies

6- 6-5/8" x 175' Galvanized Spans with 10 Conductor 10 Gauge Span Cable and 11.2 x 38" Rhinogator Airless Wheel Assemblies

1- 51' End Boom with 2HP Booster Pump, SR 100 BIG GUN, Nelson R55i Secondary with 2" valve, and Nelson 800 Big Gun Valve

1- Nelson 15psi Rotator 3030 - 1200 GPM Sprinkler Package with Integrated Slim weights, Blue Hose Drops at 5' Clearance with Truss Rod Hose Slings to Decrease Instantaneous Application Rate, and Dry Wheel Side Spray Package at Towers

1- Freight, Erection, and Wiring of Machine

1- HD Concrete Pivot Pad

Water Delivery Items Included:

1- Pivot Point Dogleg with pump out, air vac, Thrust Block, and Mechanical Restraint

1- 8" Netafim 120V automatic diaphragm valve

1,960'- 10" 80 psi PVC Pipeline Installed @30" Minimum Cover

40'- 12" 80 psi PVC Pipeline Installed @30" Minimum Cover

1- Pump Discharge Dogleg with Continuous acting air vac, Thrust block, and Mechanical Restraint

1- 8" Galvanized Chemigation Check Valve for Discharge

1- 8" Fresno Grayline Gear Operated Butterfly Valve

2- 12" x 12" Tee w/ Cap Installed on Up/Dowstream Pipelines

1- Concrete Pump Pad and Steel Fabricated Stand

1- Cornell 5RB-60—480v 3 Phase Pump and Motor with Bronze Fitted Impeller and Tungsten Mechanical Seal

1- Pump Suction Fittings

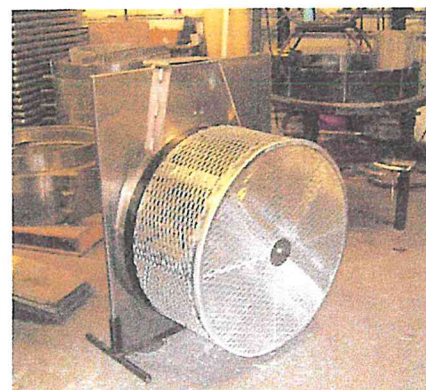
3- 12" Gasketed Elbows for Pipeline from Headwall to Pump Site

1- Muggli Concrete Precast Concrete Wet Well w/ Upstream Wing Wall and Floor Section Installed

1- First Street Welding Self Cleaning High Capacity Aluminum Drum Screen

1- Pressure Return Line and Underground Electrical Wiring to Screen System

1- Labor to Set Pump and Fittings

**Electrical Items Included:**

- 1- 60 HP 1LH Series VFD with 18A Aux Power, Service Disconnect, and Strikesorb Surge Protection
- 1- Electrical Wiring and Permit of pivot
- 1- MDU Approved 1 Phase Meter Loop With Meter Base, Fused and Non Fused Disconnects
- 2,000' - #2-4 with 12/2 Cable in Conduit with Control Wire

Section II— NOTES:

- *Project Scheduling is First Come First Serve.
- *Power Line Relocation and Tree Removal are not included in this estimate.
- *Final Design Dependent on Survey to be performed by Treasure State Irrigation.
- *Utility Company Construction Costs Not Included in Estimate.
- *Best efforts will be made to coordinate with owner to help workflow.
- *Any changes to original work plan will require a written change order signed by project owner.
- *Any changes to actual project will be charged or credited accordingly.
- * Project Pricing Valid Through 7-31-2021
- * Upon completion of RTK GPS project survey total dynamic head, Center Point Location, and System Lengths will be reviewed and discussed with project owners to adjust pump head and flow to maximize pumping plant efficiencies to meet customers needs.
- * Center Pivot financing is available through Reinke Finance, AgDirect, and Diversified Financial.

Section III—BASE PROJECT PRICING:

The Project Price for "1,298' Full Circle" per the scope of work above will be as follows:

Pivot Equipment—\$104,937.00

Ancillary Package — \$104,530.00

TOTAL PROJECT PRICE—\$209,467.00 — PIVOT ONLY
 27233 — MDU INSTALL & LEAD
 6000 — Low Preparation - Fill Ditches
 12135 — 5% Contingency

Payment Terms: TOTAL 254,835

5% Down Payment, 30% Upon Delivery, 50% Upon Center Pivot Erection, Balance Due Upon Completion

Estimate Accepted By: _____ (Print)

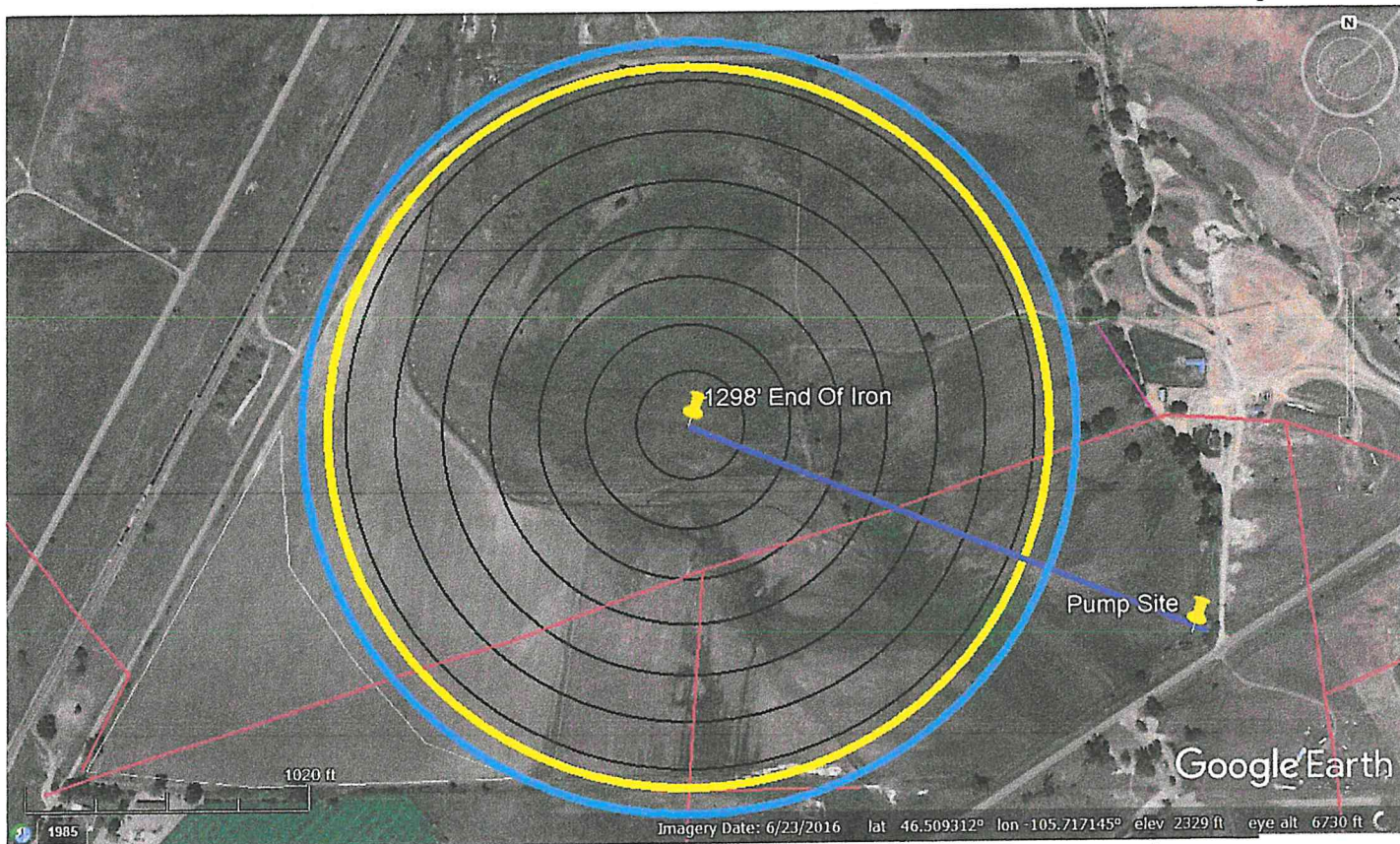
_____ (Sign) _____ (Date)

COMMENT: APPLICANT IS OBTAINING BIDS FROM VALLEY, REINKE AND ZIMMATIC

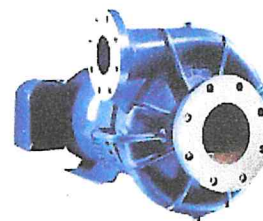
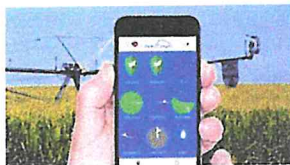
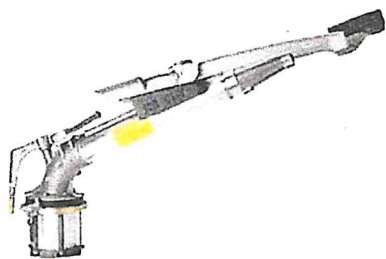


Approximate Pivot Layout

1298' Center Pivot



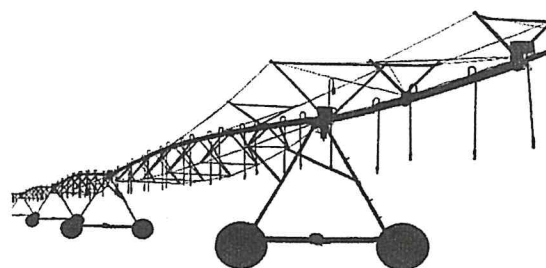
T 8 N, R 48 E, Sec 29, Tract C1 in N 1/2,
C.O.S 130089



Approximately 14.8 Acres Irrigated



Irrigation System Performance Summary



Customer

Montana Producers LLC.
PO Box 1265 315 Main Street
Miles City, Montana, USA 59301

Dealer

Treasure State Irrigation
1100 Highway 12
Miles City, MT 59301
irrigatorparts@gmail.com

System Model: E2065-G / 57" (144.78cm)	System Length: 1298' (395.64m)
Tower: 7	Power Supply: 480 / 60 HZ
System Area: 122.1 Acres (49.41 Hectares)	Total Area: 136.1 Acres (55.08 Hectares)
End Gun + SAC Area: 14 Acres (5.67 Hectares)	Elevation: 25' (7.62m)
Design System Flow: 1150 GPM (261.2 M3/h)	Design Flow by Acre (Hectare) 8.03 GPM (4.5 M3/h)
Max System Flow: 1145.6 GPM (260.2 M3/h)	Min System Flow: 986.8 GPM (224.13 M3/h)
Top of Inlet Pressure: 52.2 PSI(3.6 Bar)	End Pressure: 20 PSI(1.38 Bar)
Primary End Gun Flow: 158.85 GPM (36.08 M3/h)	Booster Pump/End Gun Pressure: 2 HP 57.3 PSI 3.95 Bar
Primary End Gun Model: SR100	Secondary Gun Model: R55i
Effective Gun Throw: 111.5' (34m)	Effective Gun Throw: 29.4' (9m)
Maximum Gun Throw: 132.8' (40.5m)	Maximum Gun Throw: 35.5' (10.8m)
Sprinkler Brand: R3030 Rotator Brown	Sprinkler Ground Clearance: 5' (1.5m)
Sprinkler Diameter: 56" (17.1m)	Intensity/Application Rate Per Hour: 2.58" (6.55cm)
Irrigation Rate Per Day: 0.428" (10.87mm)	Irrigation Rate Per Month: 13.02" (33.07cm)
Tire Size: 11.2 x 38-G Rhinogator	Last Tower Distance: 1246' (379.8m)
Center Drive: Std Speed, 40:1	Tower Speed: 12.51' (3.81m) /Minute

Percent Timer Setting	Depth Applied		Hours Applied	
	Inches	MM	Full Circle	100%
10%	1.87	47.39	104.58	104.58
20%	.93	23.70	52.29	52.29
30%	.62	15.80	34.86	34.86
40%	.47	11.85	26.15	26.15
50%	.37	9.48	20.92	20.92
60%	.31	7.90	17.43	17.43
70%	.27	6.77	14.94	14.94
80%	.23	5.92	13.07	13.07
90%	.21	5.27	11.62	11.62
100%	.19	4.74	10.46	10.46

Depth Applied	Percent Timer Setting	Hours Applied	
		Full Circle	100%
.10	NA	NA	NA
.20	93.29%	11.21	11.21
.30	62.19%	16.82	16.82
.40	46.64%	22.42	22.42
.50	37.32%	28.03	28.03
.60	31.10%	33.63	33.63
.70	26.65%	39.24	39.24
.80	23.32%	44.84	44.84
.90	20.73%	50.45	50.45
1.00	18.66%	56.05	56.05

Disclaimer

Irrigation System Performance Summary
Dealer: Treasure State Irrigation
Customer: Montana Producers LLC.

July 31, 2021
Page 1 of 2

44



Montana Producers

Potential 1,298' Center Pivot with SR100 End Gun and R55i

System Information

GPM Per Acre:	8.0
System GPM:	1150.0
Top of Inlet Pressure:	52.2
Base of Inlet Pressure:	57.7
Elevation Pressure Loss:	10.8
System Loss:	21.4
Electrical Frequency:	60 Hz

Flanged Side

Radius:	1298.0
Coverage without End Gun:	1301.3
Side GPM:	1150.0
End Pressure:	20.0
Boosted Pressure:	26.5

End Gun Performance	Primary	Secondary
End Gun Radius:	111.5	29.5
Coverage with End Gun:	1409.5	1327.5
End Gun GPM Delivered:	158.9	52.9
End Gun GPM Required:	169.8	39.8
End Gun Pressure:	57.3	20.0
End Gun Nozzle:	.85	80

Pivot Span Information:



Span Information

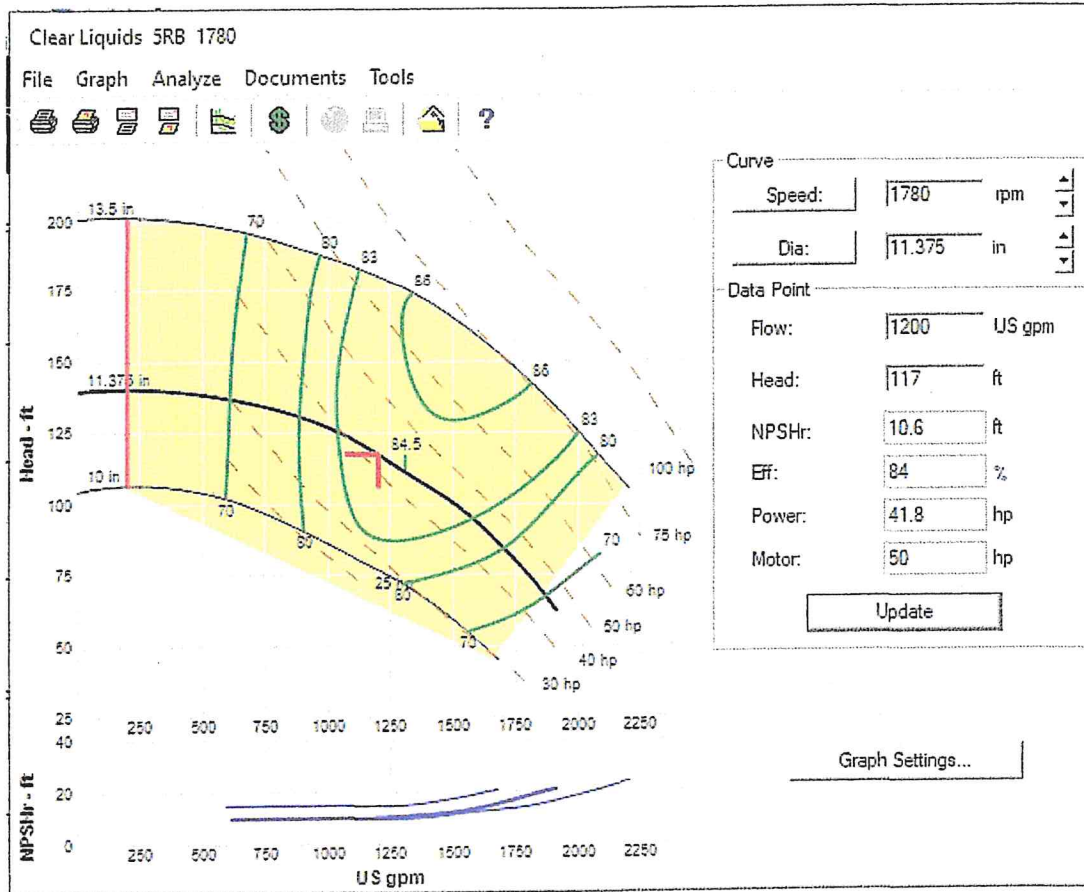
Number:	Type	Length	Ext.	Spacing	Wheel Track	Tire Size	PSI Loss	Span Cable
1	E2065	194'	N	57"	196'	11.2 x 38	5.3	10C/#10/0s
2	E2065	175'	N	57"	371'	11.2 x 38	4.5	10C/#10/0s
3	E2065	175'	N	57"	546'	11.2 x 38	3.9	10C/#10/0s
4	E2065	175'	N	57"	721'	11.2 x 38	3.2	10C/#10/0s
5	E2065	175'	N	57"	896'	11.2 x 38	2.3	10C/#10/0s
6	E2065	175'	N	57"	1071'	11.2 x 38	1.4	10C/#10/0s
7	E2065	175'	N	57"	1246'	11.2 x 38	0.6	10C/#10/0s
EB	E2060	51'	N	57"	1298'		0.1	

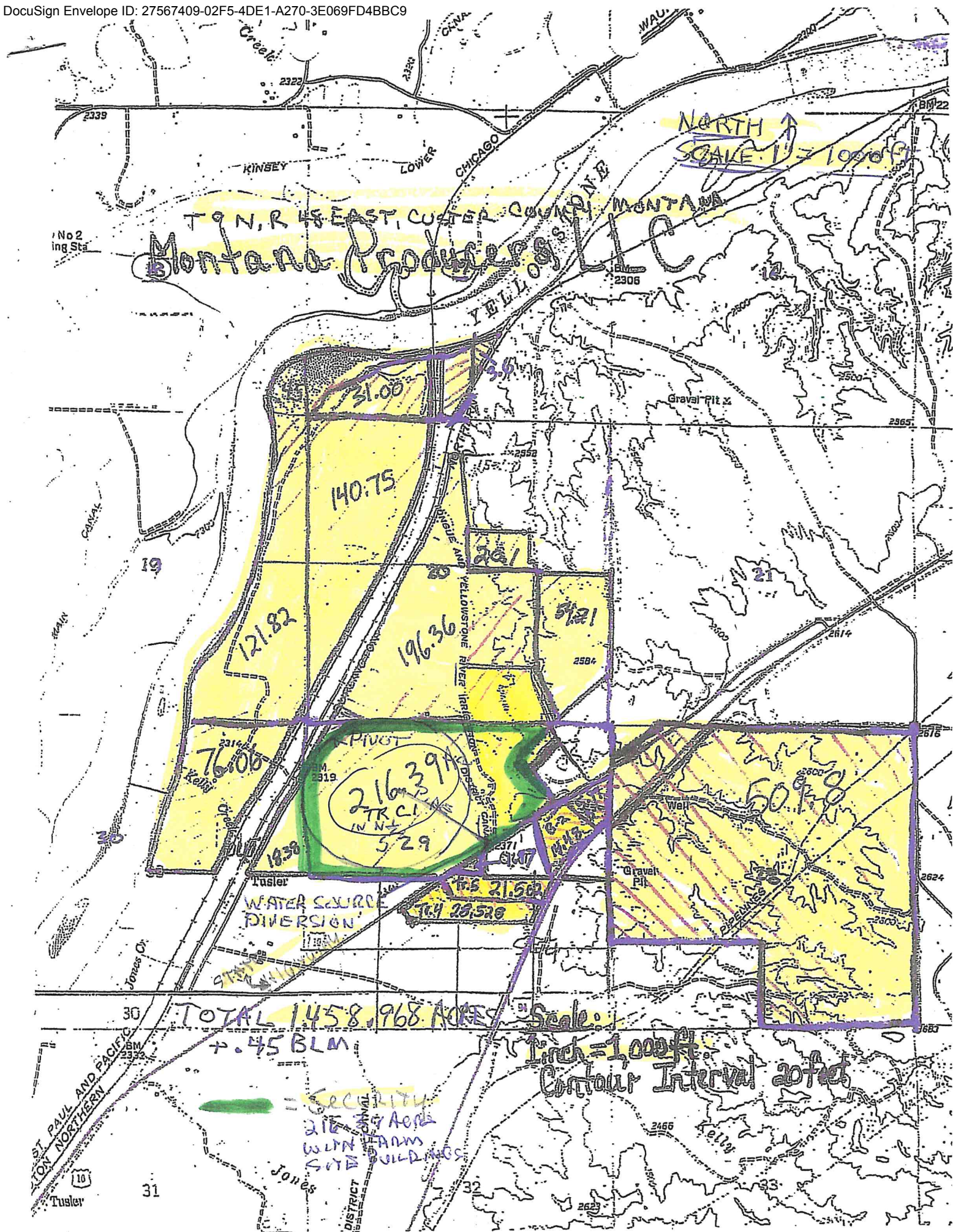


Preliminary Total Dynamic Head Calculations:
(Assuming 0 psi Static Head)

Pivot Pressure ——— 57.7 psi +133.3 ft
 Mainline Elevation Change — -39 ft
 2000' Friction Loss 10" PIP ——— +13.8 ft
 Auto Valve Loss ————— + 4 ft
 Minor Losses ————— + 5 ft

Estimated TDH @ 1200 GPM — +117.1'





12.00
CUSTER COUNTY Recorded 10/19/2004 At 03:45 PM
Marie Wehrl, CLK & Recd By Andrea C. DeQuay
Return to: Security Abstract In Person

CORRECTION WARRANTY DEED

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, this 21st day of July, 2004, the undersigned:

JOSEPH A. PEILA, JR. and CATHERINE M. PEILA,
husband and wife, GRANTORS, of RR 1, Box 2320
Miles City, MT 59301

Do hereby grant all of their right, title and interest unto

MONTANA PRODUCERS, LLC,
a Montana Limited Liability Company, GRANTEE, of 1200 Pleasant Street,
Miles City, MT 59301

the following described real property located in Custer County, Montana, to-wit:

TOWNSHIP 9 NORTH, RANGE 48 EAST, M.P.M., IN CUSTER COUNTY, MONTANA
Tracts A, B, C1, C2, C3 & D, being parcels of land located in Sections 17, 20, 29 & 30, of said
Township 9 North, Range 48 East, M.P.M., according to Certificate of Survey, filed for record on
October 8, 2004, at 2:08 P.M., as Document No. 130089 in
Envelope No. 434A of the Plat Cabinet in the office of the County Clerk and Recorder in
and for Custer County, Montana.

AND

TOWNSHIP 9 NORTH, RANGE 48 EAST, M.P.M., IN CUSTER COUNTY, MONTANA
Tract A of the Buffalo Springs Tracts, being a tract or parcel of land located in Section 20 of said
Township 9 North, Range 48 East, M.P.M., according to Certificate of Survey, filed for record on
November 3, 1976, at 2:55 P.M., as Document No. 45701 in Envelope No. 110 of the Plat
Cabinet in the office of the County Clerk and Recorder in and for Custer County, Montana.

Reserving and excepting unto the Grantors, their heirs, executors and assigns forever, all oil, gas
and any other minerals, whether above or below the surface of the lands herein, as well as the
right of ingress and egress to explore said minerals. Said reservation is not to include any gravel
rights. It is the intent herein that the Grantors are conveying to Grantee, all gravel, if any, that
they may own in, under or upon said lands.

TOGETHER WITH all improvements, hereditaments, tenements and appurtenances thereto and
thereon, including all water rights.

SUBJECT TO THE FOLLOWING:

- a) Reservations and exceptions in patents from the United States of America or the State of Montana;
- b) All building, use, zoning, sanitary and environmental restrictions;
- c) Mineral rights and royalty reservations and conveyances, if any, made by predecessors in interest to the Grantors;
- d) Taxes and assessments which are not yet due and payable;
- e) All matters (including easement rights, rules, regulations and/or assessments) in connection with ditches, canals, laterals, roads/rights-of-way or charges for water, if any, now existing and pertaining to, or associated with, the Tongue & Yellowstone Irrigation District;
- f) All terms, conditions and provisions of Agreement, dated 03/30/81, filed on 04/02/81, in Bk. M-11 of Misc., Pge. 749, and Amended Agreement, dated 04/08/81, filed on 04/09/81, in Bk. M-11 of Misc., Pge. 890, microfilm records of Custer County, Montana;
- g) All terms, conditions and provisions of Conservation Easement Reservation in the United States, dated 07/20/88, filed on 08/24/88, in Bk. M-47 of Misc., Pge. 990, microfilm records of Custer County, Montana;
- h) All terms, conditions and provisions of Grant of Easement For Lateral Irrigation Ditch, dated 09/26/29, filed on 10/02/29, in Book "P" of Misc., Pge. 112, records of Custer County, Montana;
- i) All matters, covenants, conditions, restrictions (including attached Montana DHES restrictions), easements and any rights, interests or claims which may exist by reason thereof, disclosed by Certificate of Survey, filed for record as Document No. 38685 in Envelope No. 67; Certificate of Survey, filed for record as Document No. 36987 in Envelope No. 60; Certificate of Survey, filed for record as Document No. 45701 in Envelope No. 110; and Certificate of Survey, filed for record as Document No. 130089 in Envelope No. 434A of the Plat Cabinet in the office of the County Clerk Recorder in and for Custer County, Montana, but deleting any covenant, condition or restriction indicating a preference limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate USC 3604(C);

(continued)


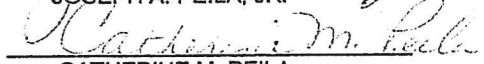
- j) Public rights and easements for commerce, recreation, navigation and fishery, if applicable, and associated with the Yellowstone River;
- k) All rights of upper and lower riparian owners in and to the use of the waters of the Yellowstone River and the natural/uninterrupted flow thereof, if applicable;
- l) Claims to any portion of the premises lying below the ordinary high water mark of the Yellowstone River or any rights to the adjoining water, if applicable;
- m) Claims that any portion of the real property is within or under navigable waters, if applicable;
- n) Claims that a portion or portions of the real property have been lost due to changes in the mean low water line of the Yellowstone River, if applicable;
- o) Access or crossing issues over the Burlington Northern-Santa Fe Railroad Company, formerly the Northern Pacific Railroad Company right-of-way;
- p) Rights-of-way and easements (visible, known, petitioned, recorded and unrecorded) for roads, railroads, ditches, canals and laterals, reservoirs/wetlands, pipelines, utility and telephone lines, if any, now established on said real property.

NOTE: This Correction Warranty Deed is given to modify/supplement that certain deed between the parties herein, dated July 21, 2004, filed for record on July 22, 2004, indexed in the real estate records of Custer County, Montana as Document No. 129226.

EXCEPT with reference to the items referred to in Paragraphs a) through p) herein, inclusive, and except with respect to lands which may have accreted to the land described herein, under or by virtue of the provisions or principles of Montana law regarding accretion, avulsion, reliction, or the rights or interests of riparian landowners in the abandoned bed of an adjacent navigable waterway ("accreted lands"), which accreted lands are conveyed without warranty, express or implied, this Deed is given with the covenants expressed in Montana Code Annotated 30-11-110.

TO HAVE AND TO HOLD unto the Grantee, and to its heirs and assigns forever.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands and seals the day and year first hereinbefore written.


JOSEPH A. PEILA, JR.

CATHERINE M. PEILA

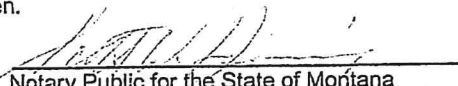
STATE OF MONTANA)
 : ss.
COUNTY OF Deer)

On this 21st day of July, 2004, before me the undersigned, a Notary Public for the State of Montana, personally appeared Joseph A. Peila, Jr. and Catherine M. Peila, known to me _____ (or proved to me on oath of _____)

to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

(NOTARIAL SEAL)


Notary Public for the State of Montana
Printed Name: Scott M. Horning
Residing at Clinton, MT
My Commission expires March 17, 2007

FOR RECORDER'S USE ONLY



MORTGAGE

MAXIMUM LIEN. The total principal indebtedness that may be outstanding at any given time which is secured by this Mortgage is \$182,704.20.

THIS MORTGAGE dated June 22, 2017, is made and executed between Montana Producers LLC, whose address is 315 Main St, Miles City, MT 59301-1265 (referred to below as "Grantor") and Stockman Bank of Montana, whose address is 700 Main Street, P.O. Box 250, Miles City, MT 59301 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Custer County, State of Montana:

TOWNSHIP 9 NORTH, RANGE 48 EAST, M.P.M., in CUSTER COUNTY, MONTANA

Section 29: Tract C1, being a tract of land located in the N½ of said Section 29, according to Certificate of Survey, filed for record on October 8, 2004, as Document No. 130089 in Envelope No. 434A of the plat cabinet in the office of the County Clerk and Recorder in, and for Custer County, Montana.

The Real Property or its address is commonly known as 11421 Valley Dr E, Miles City, MT 59301.

CROSS-COLLATERALIZATION. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

FUTURE ADVANCES. In addition to the Note, this Mortgage secures all future advances made by Lender to Grantor whether or not the advances are made pursuant to a commitment. Specifically, without limitation, this Mortgage secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Grantor, together with all interest thereon.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

Property Record Card

Summary

Primary Information

Property Category: RP **Subcategory:** Agricultural and Timber Properties
Geocode: 14-1842-29-1-02-04-0000 **Assessment Code:** 000RED0333
Primary Owner: MONTANA PRODUCERS LLC **PropertyAddress:** 11421 VALLEY DR E
 PO BOX 1265 MILES CITY, MT 59301
COS Parcel:
 MILES CITY, MT 59301-1265
NOTE: See the Owner tab for all owner information

Certificate of Survey: 130089

Subdivision:

Legal Description:

S29, T09 N, R48 E, C.O.S. 130089, TR C1, IN N2

Last Modified: 7/16/2021 4:03:03 AM

General Property Information

Neighborhood: 214.007 **Property Type:** FARM_R - Farmstead - Rural
Living Units: 1 **Levy District:** 14-0173-3
Zoning: **Ownership %:** 100
Linked Property:

No linked properties exist for this property

Exemptions:

No exemptions exist for this property

Condo Ownership:

General: 0 **Limited:** 0

Property Factors

Topography: **Fronting:**
Utilities: **Parking Type:**
Access: **Parking Quantity:**
Location: **Parking Proximity:**

Land Summary

Land Type	Acres	Value
Grazing	57.691	3,412.00
Fallow	0.000	00.00
Irrigated	157.699	113,175.00
Continuous Crop	0.000	00.00
Wild Hay	0.000	00.00
Farmsite	1.000	1,866.00
ROW	0.000	00.00
NonQual Land	0.000	00.00
Total Ag Land	216.390	118,453.00
Total Forest Land	0.000	00.00
Total Market Land	0.000	00.00

Deed Information:

Deed Date	Book	Page	Recorded Date	Document Number	Document Type
10/19/2004	13	0179		51	
7/22/2004	12	9226			
7/17/1991	M58	647			

FEBRUARY 28, 2008

42C 40137-00

Page 1 of 3

**PRELIMINARY DECREE
TONGUE RIVER, BELOW HANGING WOMAN CREEK
BASIN 42C
ABSTRACT OF WATER RIGHT CLAIM
IMPORTANT NOTICE**

**** THIS IS AN INTERBASIN TRANSFER CLAIM ****

THIS APPROPRIATION OF WATER TAKES WATER FROM THE TONGUE RIVER, BELOW HANGING WOMAN CREEK DRAINAGE (BASIN 42C) AND USES IT IN THE TONGUE RIVER, BELOW HANGING WOMAN CREEK DRAINAGE (BASIN 42C) AND THE YELLOWSTONE RIVER, BETWEEN TONGUE & POWDER RIVERS DRAINAGE (BASIN 42K). ANY OBJECTION TO THIS RIGHT MAY BE FILED DURING THE OBJECTION PERIODS FOR EITHER THE POINT OF DIVERSION OR PLACE OF USE BASIN.

YOUR WATER RIGHT AS SHOWN ON THIS ABSTRACT MAY HAVE CHANGES FROM YOUR WATER RIGHT AS CLAIMED OR AMENDED. AN ASTERISK (*) HAS BEEN PLACED NEXT TO EACH ITEM CHANGED BY THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION (DNRC) DURING THE EXAMINATION PROCESS. THESE CHANGES ARE AUTHORIZED BY THE MONTANA SUPREME COURT WATER RIGHT CLAIMS EXAMINATION RULES OR BY ORDER OF THE WATER COURT.

OBJECTIONS MAY BE FILED ACCORDING TO THE PROCEDURES OUTLINED IN THE DOCUMENT ENTITLED "NOTICE OF ENTRY OF PRELIMINARY DECREE AND NOTICE OF AVAILABILITY."

Water Right Number: 42C 40137-00 STATEMENT OF CLAIM

Version: 1 -- ORIGINAL RIGHT
Status: ACTIVE

Owners: TONGUE & YELLOWSTONE RIVER IRRIGATION
ATTN ROGER MUGGLI
RT 1 BOX 2116
MILES CITY, MT 59301

*Priority Date: AUGUST 9, 1886

Type of Historical Right: DECREED

Purpose(use): IRRIGATION

Irrigation Type: SPRINKLER/FLOOD

Flow Rate: 187.50 CFS

*Volume:

Climatic Area: 1 - HIGH

*Maximum Acres: 9,589.00

Source Name: TONGUE RIVER

Source Type: SURFACE WATER

Point of Diversion and Means of Diversion:

ID	Govt Lot	Qtr Sec	Sec	Twp	Rge	County
1		N2NESW	29	6N	48E	CUSTER

Diversion Means: DIVERSION DAM

52

FEBRUARY 28, 2008

42C 40137-00

Page 2 of 3

Period of Use:

APRIL 1 TO OCTOBER 19

Place of Use:

ID	Acres	Govt Lot	Qtr	Sec	Sec	Twp	Rge	County
1	90.00		W2	20	6N	48E	CUSTER	
2	113.00			19	6N	48E	CUSTER	
3	154.00			18	6N	48E	CUSTER	
4	110.00			7	6N	48E	CUSTER	
5	178.00			6	6N	48E	CUSTER	
6	80.00			31	7N	48E	CUSTER	
7	248.00			30	7N	48E	CUSTER	
8	5.00		SW	19	7N	48E	CUSTER	
9	6.00		NENE	36	7N	47E	CUSTER	
10	148.00			25	7N	47E	CUSTER	
11	470.00			24	7N	47E	CUSTER	
12	65.00		SW	13	7N	47E	CUSTER	
13	70.00		E2	23	7N	47E	CUSTER	
14	397.00			14	7N	47E	CUSTER	
15	75.00		W2	11	7N	47E	CUSTER	
16	181.00		E2	10	7N	47E	CUSTER	
17	271.00			3	7N	47E	CUSTER	
18	50.00		W2	2	7N	47E	CUSTER	
19	399.00			35	8N	47E	CUSTER	
20	607.00			26	8N	47E	CUSTER	
21	209.00			25	8N	47E	CUSTER	
22	80.00		E2	34	8N	47E	CUSTER	
23	225.00			23	8N	47E	CUSTER	
24	517.00			24	8N	47E	CUSTER	
25	535.00			13	8N	47E	CUSTER	
26	105.00		E2	14	8N	47E	CUSTER	
27	585.00			12	8N	47E	CUSTER	
28	170.00		S2	1	8N	47E	CUSTER	
29	214.00			18	8N	48E	CUSTER	
30	474.00			7	8N	48E	CUSTER	
31	373.00			6	8N	48E	CUSTER	
32	190.00			8	8N	48E	CUSTER	
33	540.00			5	8N	48E	CUSTER	
34	175.00			4	8N	48E	CUSTER	
35	419.00			31	9N	48E	CUSTER	
36	224.00			29	9N	48E	CUSTER	
37	217.00			30	9N	48E	CUSTER	
38	56.00		E2	19	9N	48E	CUSTER	
39	138.00			20	9N	48E	CUSTER	
40	108.00			36	9N	47E	CUSTER	
41	9.00		NWNW	36	9N	47E	CUSTER	
42	153.00		E2	15	8N	47E	CUSTER	
43	80.00			32	9N	48E	CUSTER	
44	76.00			11	8N	47E	CUSTER	

Total: 9,589.00

THE DNRC EXAMINATION OF THIS CLAIM FOUND NO SIGNIFICANT FACTS, DATA, OR ISSUES TO REPORT TO THE WATER COURT.

FEBRUARY 28, 2008

42C 40137-00

Page 3 of 3

A BETTER UNDERSTANDING OF YOUR CLAIMED WATER RIGHT CAN BE OBTAINED BY COMPARING YOUR RIGHT WITH OTHER CLAIMS IN THE BASIN. FOR EXAMPLE, COMPARE PRIORITY DATES, FLOW RATES, VOLUMES, OR ACRES IRRIGATED. ALSO, YOUR WATER RIGHT MAY BE SUBJECT TO WATER RIGHTS IN ADJOINING BASINS OR SUBBASINS AS WELL AS BEING SUBJECT TO OTHER RIGHTS ON YOUR SOURCE OF SUPPLY. FINALLY, YOUR WATER RIGHT MAY BE SUBJECT TO INDIAN RESERVED AND FEDERAL RESERVED WATER RIGHTS.

COMPLETE DETAILS REGARDING THE DNRC EXAMINATION RESULTS AND RELATED MATERIALS CAN BE REVIEWED AT THE OFFICE LOCATIONS IDENTIFIED IN THE DOCUMENT ENTITLED "NOTICE OF ENTRY OF PRELIMINARY DECREE AND NOTICE OF AVAILABILITY."

SEE GENERAL FINDINGS OF FACT AND CONCLUSIONS OF LAW FOR FURTHER EXPLANATION OF YOUR CLAIMED WATER RIGHT. THESE FINDINGS CAN BE FOUND AS INDICATED IN THE DOCUMENT ENTITLED "NOTICE OF ENTRY OF PRELIMINARY DECREE AND NOTICE OF AVAILABILITY." IF YOU NEED OBJECTION FORMS, OR HAVE QUESTIONS ABOUT WATER COURT PROCEDURES OR CHANGES TO YOUR RIGHT, YOU CAN CONTACT THE WATER COURT BY CALLING 1-800-624-3270 (WITHIN MONTANA ONLY) OR 1-406-586-4364, OR BY WRITING TO P.O. BOX 1389, BOZEMAN, MT 59771-1389.

File Copy

Montana Producers Pivot - Cash Flow Worksheet

PROJECT COST	\$254,835.00
0% Down Payment	\$ -
AMOUNT FINANCED	\$ 254,835.00
ANNUAL PAYMENT	\$ 21,884.17
OPERATING COST/ACRE	\$200.59
OPERATING TOTAL	\$27,280.24
TOTAL ANNUAL COST	\$ 49,164.41
IRRIGATED ACRES	136
COST PER ACRE W/ PAYMENT	\$361.50

Montana Producers LLC.
Box 1265
Miles City, MT 59301

CURRENT INTEREST RATE 3.3%
15 YEAR PAYMENT W/ 0% DOWN

(406)951-4200

Break Even/ Per Acre

Alfalfa

PRICE TON	YIELD/TONS	ACRES IRRIGATED	GROSS INCOME	ANNUAL PAYMENT	NET INCOME	RETURN ON INVESTMENT	BREAK EVEN YIELD
YEAR							
\$130.00 - 2022	4	136	\$ 70,720.00	\$49,164.41	\$ 21,555.59	44%	2.8
\$140.00 - 2023	4	136	\$ 76,160.00	\$49,164.41	\$ 26,995.59	55%	2.6
\$150.00 - 2024	4	136	\$ 81,600.00	\$49,164.41	\$ 32,435.59	66%	2.4

Operating Cost - Assume 136 Acres

Rent - TRACTOR Based on 2021 = 1314
Water - V4 Fees 16/Ac x 136 = 2176
Repairs - Based on Jan-July 2021 = 2069
Seed - 8.25/Ac Show Alfalfa
+ Spreading 9.51/Ac x 136 = 2551
Based on 2021 Actual Costs
Fertilizer - 32.82/Ac - 200# x 136 = 4464
Based on 2021 Actual Costs
Gas - 16.05/Ac x 136 = 2183
Fertilizer - 6000 lbs x 55¢ = 3300
Insurance - 1301
Utilities - 3099
Other: PIVOT ELECTRIC
OTHER: OWNERS VEHICLE
3000 lbs x 55¢ = 1650
LABOR 8712
Total = 4822

27280 Cost/Acre \$200.59